

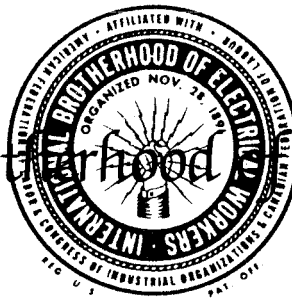


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International Brotherhood of Electrical Workers

Local Union 266

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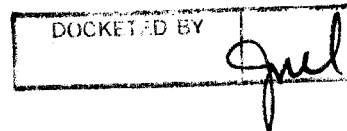
Arizona Corporation Commission

DOCKETED

December 23, 1996

DEC 23 1996

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



Re: **DOCKET No. U-0000-94-165**
PROPOSED RULE - RETAIL ELECTRIC COMPETITION

DOCUMENT CONTROL

Dec 23 4 34 PM '96

RECEIVED
AZ CORP COMMISSION

Dear Commissioners:


The International Brotherhood of Electrical Workers ("IBEW") Local Union 266 ("Local 266") represents more than 2,000 hourly workers for SRP. Local 266 was chartered in 1941, and is an affiliate of the American Federation of Labor/Congress of Industrial Organizations. It is recognized as the bargaining agent for SRP hourly for the purpose of negotiating with SRP management regarding wages, seniority, working conditions, benefits and other employer-employee issues.

Local 266 agrees with the comments made by Joe Carl, Business Manager of the IBEW Local which represents employees at Tucson Electric Power Company ("TEP"), that there are important issues which need to be resolved before rules for a competitive electric industry can be put in place. Local 266 does not agree, however, that competition in the utility industry is unfair because SRP is a political subdivision of the State of Arizona.

Yes, SRP receives certain benefits because it is a public power utility. However, investor-owned utilities such as Arizona Public Service Company ("APS") and TEP enjoy benefits not available to public power utilities. For example, investor-owned utilities can defer payment of their income taxes by using ways to speed up the depreciation of their assets. This translates to interest-free loans from the Internal Revenue Service equal to the deferred taxes. Also, investment tax credits provide investor-owned utilities with cost-free capital to use. In spite of all the talk about tax-exempt debt that is available to public power utilities, investor-owned utilities have access to tax-exempt debt through the use of pollution control financing and the two-county rule.

The bottom line is that when you remove the "advantages" for everyone – SRP as well as APS and TEP – SRP comes out on top. SRP's rates are still lower than TEP's and APS'. This comes about through good management practices and good employee productivity, for which there are no substitutes.

Local Union 266
International Brotherhood
of Electrical Workers


Guido Iannacone
Business Manager/Financial Secretary

CERTIFICATE OF SERVICE

The original and ten (10) copies of the foregoing LOCAL Union 266
Comments on Proposed Rule – Retail Electric Competition were filed this ____ day of
December, 1996, with:

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1200 West Washington Street
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